

# INFORMATION LETTER

Not for  
Publication

NATIONAL CANNERS ASSOCIATION

For Members  
Only

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## CONGRESS SUMMARY

### House Amends New Farm Act—Senate Debates Reorganization Bill

Continued consideration of the government reorganization bill and proposed resolutions for a Congressional investigation of the TVA occupied the time of the Senate during the past week, while the House on Monday passed the naval construction bill, on Wednesday approved a number of clarifying amendments to the new farm act, and on Thursday began debate on the War Department appropriation bill.

On Thursday the Senate agreed to conclude its consideration of the government reorganization bill next Monday. By unanimous consent a vote to recommit is scheduled for 3 p.m. and if the motion fails a final vote on passage of the President's measure to give the executive wide authority to realign governmental functions will be had at 5 p.m. During the week the Senate voted down numerous amendments offered by opponents of the bill and on Thursday an amendment sponsored by Senator Byrd of Virginia designed to assure retention of the General Accounting Office as an independent Congressional agency was defeated by a 47 to 36 count. The Senate then took up the Norris resolution to investigate the TVA and adopted the agreement for a vote on the reorganization bill.

The Senate Finance Committee voted on Thursday to substitute a flat 18 per cent tax on corporation net incomes with a lower rate for small businesses having net annual incomes of \$25,000 or less, for the corporate undistributed profits tax provision of the Revenue bill as passed by the House on March 11th. The vote was 17 to 4. The Committee also voted to substitute a 15 per cent tax on profits from the sale of capital assets held more than 18 months for the more drastic provisions of the House bill. On gains made on sales of properties held less than 18 months, the Committee amendment provides that the personal income tax schedules shall apply.

Other Congressional developments of more particular interest to canners included the House Labor subcommittee's continued discussion of possible approaches to a compromise wage and hour bill, and the receipt of a letter by Chairman Smith of the Senate Agricultural Committee from the Secretary of Agriculture approving a proposal to remove all exemptions from the orders section of the marketing agreements act.

The House Labor subcommittee charged with drafting a compromise wage and hour bill centered its discussion on two proposals for gradually elevated labor standards. Of the two suggested measures, one would set up a scale of minimum wages starting at 30 cents an hour and progressing over a period of several years to a goal of 40 cents; the other would create an administrative board having wide discretionary power to put into effect or modify a wage scale starting at 20 to 25 cents an hour and working to the 40 cent goal. Both

of the suggestions seem to favor a maximum hour scale that would gradually decrease from 48 hours to 40 hours per week.

As reported in last week's LETTER the House Committee on Interstate and Foreign Commerce voted favorably on the subcommittee draft of the Copeland food and drug bill and authorized the filing of a report. The final wording of two of the amendments which were agreed upon by the Committee has held up the writing of the report, and it is not now expected that the bill will go back to the House for action for another week.

The Wheeler-Lea amendments (S. 1077) to the Federal Trade Commission Act which give the Commission control over food, drug, cosmetic and device advertising and the broadened authority to stop unfair or deceptive acts and practices in commerce was signed by the President on Tuesday. An analysis of the amendments was published in the INFORMATION LETTER for March 5th.

### Have You Answered Questionnaire?

The Home Economics Division earnestly requests that member canners who have not yet responded to the Division's inquiry regarding school and public libraries in their communities send in their replies at the earliest practicable date. The broader the response, the more information the Division will have as a guide for its work; likewise the more effective the distribution of the Division's publications that will give consumers a better knowledge of the industry and its products.

### OFFICERS ARE EMPLOYEES

#### Canners' Attention Called to Regulations and Ruling of Internal Revenue Bureau

In recent weeks the Association has received a number of inquiries from its members raising the question whether officers and directors of corporations, even though receiving no compensation, are employees and must be included in determining whether the corporation employs eight or more persons and is thus subject to the Unemployment Compensation provisions of the Federal Social Security Act. In many instances the officers or directors may be relatives of the principal stockholder, and may perform no services and receive no compensation.

The Federal Bureau of Internal Revenue has consistently taken the position that officers of a corporation are employees and must be counted in determining whether or not the corporation employs the requisite eight or more. (See Art. 205 of Reg. 90 and Art. 3 of Reg. 91, issued by the Commissioner of Internal Revenue under the Federal Social Security Act.)

And this ruling is followed even where the officer holds merely an honorary position and performs no services and receives no compensation. The Commissioner has specifically ruled that honorary vice-presidents of a trade association who receive no compensation are nevertheless employees. (See S. S. T. 150).

The situation is different, however, in the case of the *directors*. If the director is *not an officer* of the corporation, and performs no services for the corporation other than those required by attendance at and participation in meetings of the board of directors, the *director* is not an employee of the corporation and need not be counted in determining whether or not the corporation employs the requisite eight or more (Art. 205 of Reg. 90 and Art. 3 of Reg. 91).

The Federal rulings to the effect that officers of corporations are employees have been generally followed by the States in administering their own unemployment compensation statutes.

### Libraries Request Publications on Canning

The Home Economics Division had received, up to March 23rd, 133 replies from canners in 37 States in response to the questionnaire the Division sent out on publications on the canning industry and its products in public and school libraries. Approximately 54 schools covered by the reports had already received material from the National Canners Association and approximately 112 had not. Ten public libraries had received material and approximately 86 had not.

In all cases the Association's publications suitable for library use have been sent to libraries desiring them. In three cases there was no high school library of any sort in the community, and suitable material was therefore sent to the elementary schools for use in class work. Additional replies are arriving from day to day, and the results from the final tabulation will be announced later. It is significant that many canners have asked that additional copies of the questionnaire be sent to their representatives in communities where they have branch establishments.

### TRUCK CROP PROSPECTS

#### Mid-Month Summary Issued by the Bureau of Agricultural Economics

**CABBAGE.**—Recent planting intention reports from cabbage growers in the intermediate and late States indicate that the 1938 acreage in these States will be about 1 per cent larger than the acreage harvested in 1937. The 1937 acreage, to which these acreage indications for 1938 are applied, includes acreage from which the production was taken by kraut packers. If these planting intentions in the intermediate and late States are carried out the total commercial acreage in the United States this year will be about 1 per cent smaller than the acreage harvested in 1937, or 191,430 acres indicated for this year, compared with 192,800 acres last year.

**CELERY.**—There are 644,000 crates ( $\frac{3}{4}$  size) of celery indicated for the summer crop in California this year. This is a 24 per cent smaller crop than the 850,000 crates harvested in 1937. The 1,300 acres reported for this year is 24 per cent smaller than last year's acreage of 1,700, and the

yield per acre is expected to average slightly below the 1937 yield.

**LETTUCE.**—The 1938 production of spring lettuce in three of the second early States (California, North Carolina, South Carolina) is expected to be one-fifth larger than the production harvested in those States in 1937, or 4,685,000 crates compared with 3,892,000 crates last spring. There are reported acreage increases in all three States and yields per acre are expected to average above those of a year ago.

### "U. S. A." as Mark of Origin

The marks of origin, "U. S. A.," "Made in U. S. A.," or "Printed in U. S. A.," on articles of United States origin imported into France are approved as acceptable for products covered by decrees issued under the French marking of origin law of April 20, 1932, but may not be used for "corrective" markings, by terms of a circular issued by the French Central Customs Administration, Ministry of Finance. "Commerce Reports" of the U. S. Department of Commerce, states that this ruling, which was to become effective on March 10, 1938, does not permit any modification or abbreviation of the marking in full of the country of origin on preserved vegetables, preserved fish, dried prunes, etc., required by laws other than the law of April 20, 1932.

### Grocery Chain Store Sales in February

Daily average sales of chain grocery stores for February were about 4 per cent below the dollar volume for February, 1937, when they were higher than for any month since June, 1931, according to the Bureau of Foreign and Domestic Commerce. Sales showed little change from January to February whereas there is usually an increase of about  $3\frac{1}{2}$  per cent at this season of the year. Sales for the first two months of 1938 were about 3 per cent below those for the same period of last year.

### Bulletin Issued on Fisheries Investigations

Biological studies in the interest of the salmon, shrimp and oyster industries are reported in a pamphlet just issued by the U. S. Bureau of Fisheries.

Reports of progress in the studies leading to maintenance or rehabilitation of the salmon fisheries on the Columbia River, Puget Sound, the Karluk River and Southeastern Alaska are included.

By means of tagging the Bureau hopes to secure valuable information on the migration of shrimp, the annual catch of which, under present methods of fishing, appears to be reaching the limit of productivity.

Work on the projects for improvement of oyster culture and protection of the oyster against various pests is described.

This report, entitled "Progress in Biological Inquiries, 1936," is published as Bureau of Fisheries Administrative Report No. 29, and may be obtained from the Superintendent of Documents, Washington, D. C., for ten cents.

## FEDERAL SURPLUS COMMODITIES CORPORATION PEA PURCHASES

The Federal Surplus Commodities Corporation has announced that on its second program of canned pea purchases it received total offerings of 1,605,893 cases of No. 2 cans of peas, and has accepted 293,910 cases. The total offerings on the two programs were 4,249,359 cases and acceptances 998,651 cases. The total amount shipped by canners on both programs to March 15th was 387,808 cases.

The following table shows the offerings and acceptances of Alaskas and Sweets on the closing date, March 7th, by regions. In the Eastern region are included Maryland, Pennsylvania, New York, Virginia and Delaware; Mid-West States, besides Wisconsin, include Indiana, Ohio, Michigan, Illinois and Minnesota; the Western States include Washington, Utah, Wyoming and Montana.

	Offered				Accepted			
	Grade B Cases	Grade C Cases	Substand. Cases	Total Cases	Grade B Cases	Grade C Cases	Substand. Cases	Total Cases
<b>ALASKAS</b>								
Eastern States.....	64,150	52,501	14,979	131,630	.....	17,469	10,919	28,388
Mid-West States:								
Wisconsin.....	299,135	254,419	13,237	566,791	11,200	94,307	1,025	106,532
Other.....	66,849	42,074	.....	108,923	.....	2,975	.....	2,975
Western States.....	7,800	.....	.....	7,800	.....	.....	.....	.....
<b>Total.....</b>	<b>437,934</b>	<b>348,994</b>	<b>28,216</b>	<b>815,144</b>	<b>11,200</b>	<b>114,751</b>	<b>11,944</b>	<b>137,895</b>
<b>SWEETS</b>								
Eastern States.....	26,690	10,902	741	38,333	.....	6,872	741	7,613
Mid-West States:								
Wisconsin.....	286,978	169,478	5,831	462,287	1,758	83,423	4,522	89,703
Other.....	67,102	67,317	87	134,506	.....	21,636	.....	21,636
Western States.....	114,800	38,875	1,948	155,623	.....	35,115	1,948	37,063
<b>Total.....</b>	<b>495,570</b>	<b>286,572</b>	<b>8,607</b>	<b>790,749</b>	<b>1,758</b>	<b>147,046</b>	<b>7,211</b>	<b>156,015</b>

## Fruit and Vegetable Market Competition

Carlot Shipments as reported by the Bureau of Agricultural Economics, Department of Agriculture

VEGETABLES	Week ending—			Season total to—		
	Mar. 19 1937	Mar. 19 1938	Mar. 12 1938	Mar. 19 1937	Mar. 19 1938	Mar. 19 1938
Beans, snap and lima	108	298	207	4,786	4,100	
Tomatoes.....	507	984	935	5,731	6,603	
Green peas.....	89	76	147	890	1,496	
Spinach.....	337	279	295	6,051	5,043	
Others:						
Domestic, compet-						
ing directly....	4,374	4,699	5,203	97,438	98,153	
Imports competing—						
Directly.....	48	75	50	734	712	
Indirectly.....	49	95	18	1,524	2,144	
<b>FRUITS</b>						
Citrus, domestic....	4,416	4,204	5,529	85,643	83,359	
Imports.....	2	0	0	100	125	
Others, domestic....	32	58	240	17,507	17,818	

## FRUIT SITUATION

## Movement and Stocks Summarized by the Bureau of Agricultural Economics

The total movement of fruit into consuming channels continued heavy during the past month, and prices at terminal markets were at relatively low levels, according to a summary on the fruit situation issued by the Bureau of Agricultural Economics on March 23rd. Apple prices held steady at the levels reached in mid-January, but prices of citrus fruits fluctuated somewhat irregularly.

Shipments of oranges were extremely heavy during the past

month. Despite the heavy movement into consumption, however, remaining supplies of oranges for market between now and next fall are materially larger than the quantities marketed after the middle of March last season.

Total shipments of grapefruit were large during February and the first half of March. The supply available for fresh consumption during the remainder of the season now appears to be about one-fifth smaller than a year earlier. Favorable growing conditions in Texas and Arizona during February caused the fruit in these sections to "size up" better than was previously expected, and the March 1st estimate of grapefruit production was larger than that of a month earlier. The Texas crop is now indicated to be of record proportions.

The rate at which apples have been moving out of cold storage this season is much below average. March 1st stocks on hand were larger relative to the average March 1st holdings than were the January 1 stocks relative to the average for January 1st. The failure of market prices of apples to show some seasonal rise thus far in the current season appears to be due to at least three important factors—storage stocks of record size, small export demand relative to previous years of large supplies, and a declining level of consumer purchasing power since late in the fall of 1937. Record large supplies of citrus fruits also no doubt were a price-depressing factor.

Stocks of nearly all canned fruits except pears are indicated to be much larger than those of the early part of 1937. Compared with early 1937, slight price advances were indicated for canned western pears and Hawaiian pineapple, but California apricots recently sold slightly lower than in March last year, and canned apples and canned applesauce



have been more than one-third below last spring's level. Prices of other canned fruits have not shown much fluctuation.

### Tomato Paste Trade Practice Conference Planned

The Federal Trade Commission has announced that it has authorized the holding of a trade practice conference for the tomato paste manufacturing industry, arrangements for which are to be completed at a later date.

### "Perfect Shipping Month"

In an effort to reduce loss and damage to freight shipments, the month of April will be observed as "Perfect Shipping Month" under the sponsorship of the Thirteen Shippers' Regional Advisory Boards which extend throughout the United States and have a membership of 25,000 shippers representing all of the principal industries.

Claims for loss and damage to freight shipments amounting to \$24,381,819 were paid by the railroads in 1937. This was a reduction of about \$95,500,000 compared with 1920, when such claims paid by the railroads totaled \$119,833,127. Claims paid in 1937, however, were an increase of \$3,461,332, or 16.5 per cent, compared with 1936. Freight loss and damage payments per car loaded with revenue freight averaged 64 cents in 1937, compared with 58 cents in 1936 and \$2.66 in 1920.

### Silver Lined Cans

Newspapers have announced that there has been developed by the Bureau of Standards and an industrial manufacturer of cans "a relatively inexpensive form of solderless, silver-lined container suitable for the shipment and storage of food-stuffs, pharmaceuticals, and chemicals." It was also announced that "so far, 12-ounce containers have been produced from silver clad copper and steel sheets, the base metal being twelve thousandths of an inch thick with a silver coating one thousandth of an inch in thickness. The development of larger sizes is now in progress."

In answer to inquiries, the Bureau of Standards states that the only can of this type thus far manufactured has dimensions of about 214x502. It is made of base metal 0.012 inch thick (substantially the thickness of the tin plate used in No. 2 cans) and has a silver coating of 0.001 inch in thickness, which is over ten times the weight of the tin coating on ordinary coke cans. The plate from which the can is manufactured is of the type known as "Silver-clad plate," that is, it is made by rolling together sheets of steel (or copper) and silver under such conditions that the two metals "bond" together. It is obvious that the expense involved in the manufacture of a container of this type would preclude its use as a food container.

### Payment on 1936 A. A. A. Program

The Agricultural Adjustment Administration has announced that payments to farmers under the 1936 agricultural conservation program, up to November 30, 1937, including national, State and county administrative costs, totaled \$398,230,333. Approximately 4,000,000 farmers participated in the 1936 conservation program. Included in the \$398,230,333 are \$2,314,578 in unpaid claims.

State office expenses in connection with the 1936 program were \$11,829,105 and Washington administrative expense totaled \$5,058,540, a total of \$16,887,645. The payments to farmers totaled \$381,342,688—including county expenses totaling \$5,250,862 paid to local farm committees for county expenses in connection with the 1937 agricultural conservation program.

### Bulletin on 1937 Vegetable Pack Issued

The bulletin of the Association's Division of Statistics furnishing statistics on the pack of the principal vegetables in 1937 has been received from the printer and copies will be mailed to all members during the week of March 28th. The pack statistics are published annually in two bulletins, one covering vegetables and the other covering fruits. Work is in progress on the fruit bulletin, which will be issued in April.

### Control of Peach Diseases

Progress in control of peach mosaic and phony peach diseases was reported by the Bureau of Entomology and Plant Quarantine of the United States Department of Agriculture in the December 15, 1937, issue of the Plant Disease Reporter. Inspection for these virus diseases has been completed in all States and field work is now concentrated on destroying diseased trees not removed at the time of inspection.

Of the 33,000 diseased peach trees which have been destroyed during the 1937 season, 14,500 were infected with phony peach and 18,500 with peach mosaic diseases. All known infected trees have been removed from Arkansas, Illinois, Kentucky, Missouri, Utah, and South Carolina. The eradication of abandoned peach trees is going forward in nine other States. In Georgia, phony peach inspection was resumed on September 29, 1937, with eight Federal and nine State inspectors.

The third survey in the peach mosaic infected area in Colorado resulted in finding only 116 diseased trees. In El Paso County, Texas, and the Rio Grande Valley in New Mexico, cooperation in most instances is good and from 75 to 80 per cent of the mosaic-infected trees are being removed.

### CONTENTS

	PAGE
Congress summary .....	5485
Have you answered questionnaire? .....	5485
Officers are employees .....	5485
Libraries request publications on canning .....	5486
Truck crop prospects .....	5486
"U. S. A." as mark of origin .....	5486
Grocery chain store sales in February .....	5486
Bulletin issued on fisheries investigations .....	5486
Federal Surplus Commodities Corporation pea purchases .....	5487
Fruit and vegetable market competition .....	5487
Fruit situation .....	5487
Tomato paste trade practice conference planned .....	5488
Perfect shipping month .....	5488
Silver lined cans .....	5488
Payment on 1936 A. A. A. program .....	5488
Bulletin on 1937 vegetable pack issued .....	5488
Control of peach diseases .....	5488